GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:5246
ANSWERED ON:23.04.2001
POLICY FOR PROMOTING MANUFACTURING BASE FOR TELECOM PRODUCTS
SURESH RAMRAO JADHAV (PATIL)

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government have prepared a long term policy for promoting manufacturing base for high technology telecom products;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the fresh steps taken/proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) & (b): Yes, Sir. New Telecom Policy, 1999 stipulate that with a view to promoting indigenous telecom equipment manufacture for both domestic use and export, the Government would provide the necessary support and encouragement to the sector, including suitable incentives to the service providers utilising indigenous equipment.

(c) Does not arise in view of (a) & (b) above.

(d) The following incentives are already allowed to the manufacturers of the telecom equipment:-

i) No industrial license is required for the manufacture of telecom equipment.
ii) 100% Foreign Direct investment (FDI) is permitted in the telecom equipment manufacturing sector on automatic basis.
iii) The dividend income and the capital invested in telecom manufacturing is fully repatriable.
iv) Technical know-how fee of upto US$ 2 million, net of taxes can be paid on an automatic basis. In addition, royalties upto 5 percent on domestic sales and 8 percent on export sales, are also permitted.
v) The Govenrment has constituted Development Council for Telecom Sector under Industries (Development and Regulation) Act, 1951. The Development Council will recommend measures for the growth of telecom manufacturing sector and service sector.